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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MAY 15, 2001

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

CASE NO. PUE010296

Ex Parte: In the matter of
establishing rules and regulations
pursuant to the Virginia Electric
Utility Restructuring Act for
customer minimum stay periods

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Utility Restructuring Act for
competitive metering services

ORDER ESTABLISHING PROCEEDINGS

The Virginia Electric Utility Restructuring Act (§ 56-577 et seq. of the Code of Virginia) ("the Act"), as amended by Senate Bill No. 1420,¹ directs the State Corporation Commission ("Commission") to promulgate certain rules and regulations as may be necessary to implement various provisions of the Act.

Section 56-577 E directs the Commission to promulgate regulations establishing whether and, if so, for what minimum periods, customers who request service from an incumbent electric utility at capped rates pursuant to § 56-582 D or from a default service provider, after a period of receiving service from other suppliers of electric energy, shall be required to use such service from such incumbent supplier or default provider, as determined to be in the public interest (hereinafter, "minimum stay period").

Section 56-581.1 of the Act directs the Commission to promulgate rules and regulations as may be necessary to implement the provisions of that statute concerning competitive billing services (including consolidated billing) and competitive metering services. Such rules and regulations shall include provisions regarding the licensing of persons seeking to sell, offering to sell, or selling competitive billing or

¹ 2000 Va. Acts ch. 748

metering services, pursuant to the license requirements of § 56-587 of the Act.

Because of important differences among these various subjects, including differing levels of complexity in the issues of each, we will proceed with specific schedules for each matter. In each case, however, we direct the Staff of the Commission to invite representatives of interested parties to participate in work groups to facilitate the development of the required regulations.² Work group participants and other interested persons will have an opportunity to comment and request a hearing on the Staff's proposed rules, regulations, and requirements.

For the minimum stay period issue pursuant to § 56-577 E, we will direct the Staff to reconvene the work group from the proceeding that developed proposed rules governing retail access to competitive energy services,³ and will further direct the Staff to file proposed rules and a report.

The Commission is presently considering in Case No. PUE010013 proposed rules relative to the billing services to be offered by local distribution companies, and competitive service providers,

² Persons desiring to participate in any of the three work groups described herein should notify David R. Eichenlaub of the Commission's Division of Economics and Finance by electronic mail at deichenlaub@scc.state.va.us.

³ Commonwealth ex rel. State Corp. Comm'n, Ex Parte: In the matter of establishing rules for retail access, Case No. PUE010013.

effective January 1, 2002, pursuant to § 56-581.1 A. We now need to initiate the promulgation of rules to implement the offering of consolidated billing service by licensed competitive service providers to local distribution companies and retail customers, which may be offered after the first regular meter reading date after January 1, 2003, pursuant to § 56-581.1 B. We will direct the Staff to seek input on these rules from a work group of interested persons and will require the Staff to file proposed rules and a report.

The matter of competitive metering services promises to generate a number of complex and controversial issues.⁴ As we noted in our December 12, 2000, Report to the Legislative Transition Task Force: there is very little market development in those states that have adopted competitive metering; substantial questions exist as to whether competitive metering would deliver economic benefits to residential and small commercial consumers at this time; and while significant benefits may accrue to larger customers through increased availability and accessibility of energy usage information, resolution of complex market and technical issues is required to determine the best competitive structure to accomplish this objective and ensure metering integrity. In Case No. PUE000346,

⁴ See Report to the Legislative Transition Task Force of the Va. General Assembly, "Recommendation and Draft Plan, Retail Electric and Metering Services" at 18 (Dec. 12, 2000); Case No PUE000346.

some Virginia utilities stated their desire to move quickly forward on developing structures for competitive metering while others, however, prefer delaying implementation.⁵

Due to the many complexities and uncertainties surrounding competitive metering, we will not at this time set a specific date for the Staff to submit proposed rules. As with the other matters, the Staff shall invite representatives of interested parties to participate in a work group on this issue. The work group should assist the Staff in advising the Commission on how best to proceed with its rulemaking obligations under § 56-581.1 F. The Staff should present such recommendations in an Interim Report to be filed with the Commission.

In light of the uncertainties surrounding competitive metering, we encourage the Staff and the work group to consider the feasibility and appropriateness of an approach that provides a reasonable level of flexibility for experimentation. In addition, pursuant to § 56-581.1 E 9, all investor owned electric distribution utilities shall expeditiously advise the Commission of any requested delay in implementing competitive metering services in their respective service territories.

⁵ The Potomac Edison Company, d/b/a Allegheny Power ("AP") made such a filing on April 23, 2001, requesting that the Commission delay the requirement that AP provide competitive metering services in its Virginia service territory until January 1, 2003, for large industrial and large commercial customers, and until January 1, 2004 for residential and small business customers. (SCC Doc. Control Ctr. No. 010430043.)

Accordingly, IT IS ORDERED THAT:

(1) The matter of establishing rules for minimum stay periods pursuant to § 56-577 E of the Code of Virginia is docketed and assigned Case No. PUE010296.

(2) The matter of establishing rules for consolidated billing services pursuant to § 56-581.1 D of the Code of Virginia is docketed and assigned Case No. PUE010297.

(3) The matter of establishing rules for competitive metering services pursuant to § 56-581.1 F of the Code of Virginia is docketed and assigned Case No. PUE010298.

(4) On or before June 12, 2001, persons with an interest in any of these proceedings, including those already on the service list for this Order, who desire to remain on or be added to the service list(s) for future filings and orders shall file with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a statement of such interest, identifying the specific docket(s) by Case No. in which he or she is interested.

(5) The Commission Staff shall conduct an investigation, with input from a work group, and file with the Clerk of the Commission in Case No. PUE010296, an original and fifteen (15) copies of proposed rules and a report supporting such proposed rules for customer minimum stay periods, on or before June 26,

2001, and shall serve one (1) copy on all work group participants.

(6) On or before July 23, 2001, interested parties shall file with the Clerk an original and fifteen (15) copies of comments or requests for hearing on the Staff's proposed minimum stay period regulations, as well as any other comments pertinent to this proceeding.

(7) The Commission Staff shall conduct an investigation, with input from a work group, and file with the Clerk of the Commission in Case No. PUE010297, an original and fifteen (15) copies of proposed rules for consolidated billing services, on or before February 14, 2002, and shall serve one (1) copy on all work group participants; and shall file and serve copies of a report in support of its proposed consolidated billing rules on or before February 28, 2002, in the manner provided hereinabove.

(8) On or before March 22, 2002, interested parties shall file with the Clerk an original and fifteen (15) copies of comments or requests for hearing on the Staff's proposed rules and report on consolidated billing services, as well as any other comments pertinent to this proceeding in Case No. PUE010297.

(9) On or before July 16, 2001, the Commission Staff shall conduct an investigation, with input from a work group, and file with the Clerk of the Commission in Case No. PUE010298, an

original and fifteen (15) copies of an interim report presenting recommendations on further procedures for promulgating proposed rules for competitive metering services, and shall serve one (1) copy on all work group participants.

(10) On or before May 31, 2001, pursuant to § 56-581.1 E 9, all investor owned electric distribution utilities shall file with the Commission their intended schedule for implementing competitive metering services in their respective service territory.

(11) On or before May 25, 2001, the Commission's Division of Information Resources shall publish the following notice as classified advertising in newspapers of general circulation throughout the Commonwealth of Virginia.

NOTICE TO THE PUBLIC OF PROCEEDINGS TO
ESTABLISH RULES AND REGULATIONS
PURSUANT TO THE VIRGINIA ELECTRIC
UTILITY RESTRUCTURING ACT FOR CUSTOMER
MINIMUM STAY PERIODS AND FOR COMPETITIVE
RETAIL BILLING AND METERING SERVICES
CASE NOS. PUE010296, PUE010297,
AND PUE010298

The Virginia Electric Utility Restructuring Act (§ 56-577 et seq. of the Code of Virginia) ("the Act"), as amended this year by Senate Bill No. 1420, directs the Virginia State Corporation Commission ("Commission") to promulgate certain rules and regulations as may be necessary to implement various provisions of the Act.

Section 56-577 directs the Commission to promulgate regulations establishing whether and, if so, for what minimum

periods, customers who request service from an incumbent electric utility at capped rates pursuant to § 56-582 D or from a default service provider, after a period of receiving service from other suppliers of electric energy, shall be required to use such service from such incumbent supplier or default provider, as determined to be in the public interest ("minimum stay period").

Section 56-581.1 of the Act directs the Commission to promulgate rules and regulations as may be necessary to implement the provisions of that statute concerning competitive billing and metering services. Such rules and regulations shall include provisions regarding the licensing of persons seeking to sell, offering to sell, or selling competitive billing or metering services, pursuant to the license requirements of § 56-587 of the Act.

The Staff of the Commission will invite representatives of interested parties to participate in work groups to assist the Staff in developing these proposed regulations required by the Act.

The Staff will file with the Clerk of the Commission proposed rules and a report for any minimum stay periods on or before June 26, 2001, in Case No. PUE010296.

The Staff will file with the Clerk, in Case No. PUE010297, on or before February 14, 2002, proposed rules for consolidated billing services and will file a report in support of those proposed rules on or before February 28, 2002.

Any person desiring to comment in writing or request a hearing on the Staff's proposed rules for minimum stay periods may do so by directing such comments or requests for hearing on or before July 23, 2001, to the Clerk of the Commission, c/o Document Control

Center, P.O. Box 2118, Richmond, Virginia
23218, referencing Case No. PUE010296.

Any person desiring to comment in writing or request a hearing on the Staff's proposed rules for consolidated billing services may do so by directing such comments or requests for hearing on or before March 22, 2002, to the Clerk of the Commission at the address set forth above, referencing Case No. PUE010297.

For promulgating competitive metering services rules, the Commission Staff will file with the Clerk in Case No. PUE010298, on or before July 16, 2001, an interim report presenting recommendations on further procedures.

Persons interested in the full procedural details of these proceedings should obtain a copy of the Commission's May 15, 2001, Order Establishing Proceedings, which may be obtained from the Clerk of the Commission or from the Commission's Web site <http://www.state.va.us/scc/caseinfo/orders.htm>.

The Staff's proposed rules and reports in these proceedings will also be made available on the Commission's Web site and will be publicly available for inspection in the Clerk's office. The Clerk's office will provide a copy of the proposed regulations to any interested party, free of charge, in response to any written request. The proposed regulations will also appear in the Virginia Register of Regulations.

All written communications to the Commission should be directed to the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and should refer to the appropriate Case Number.

VIRGINIA STATE CORPORATION COMMISSION